

**BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS**

In the Matter of:

LION SHARE CAPITAL, LLC,
LION SHARE CAPITAL PARTNERS, L.P.,
JEFFREY K. WILLIAMS,
SHERRILYNN L. FRIERSON,
MARK K. NORDYKE,
GREGORY A. BUSS,
and their representatives and agents,

Docket No. 10 E 011
KSC No. 2009-5588

Respondents.

_____/

Pursuant to K.S.A. 17-12a604 and K.S.A. 50-1009

CEASE AND DESIST ORDER

COMES NOW the above-entitled matter for consideration by the Securities Commissioner of Kansas.

Pursuant to K.S.A. 17-12a602 and K.S.A. 50-1009, staff for the Office of the Securities Commissioner has conducted an investigation to determine whether the Respondents have violated or are about to violate the Kansas Uniform Securities Act, K.S.A. 17-12a101, *et seq.*, and the Kansas Loan Brokers Act, K.S.A. 50-1001, *et seq.* The Commissioner finds that sufficient evidence exists to provide cause under K.S.A. 17-12a604 and K.S.A. 50-1009 to take administrative action against the Respondents.

Having been apprised of the facts revealed in that investigation, the Commissioner finds as follows:

Findings of Fact

1. Respondent Lion Share Capital, LLC, [hereinafter “Lion Share Capital”] is a Kansas-registered limited liability company, formed June 26, 2007, and in “good

standing” with the Office of the Kansas Secretary of State, with a business address of 110 S. Main Street, #1000, Wichita, Kansas, 67202. The Resident Agent is Sherrilynn Frierson.

2. Respondent Lion Share Capital Partners, LP, [hereinafter “Lion Share Capital Partners”] is a private equity firm managed by its General Partner, Lion Share Capital, with a business address of 110 S. Main Street, #1000, Wichita, Kansas, 67202. The General Manager is Jeffrey K. Williams.

3. Respondent Jeffrey K. Williams [hereinafter “Williams”] is the General Manager of Lion Share Capital Partners with a residential address of [REDACTED].

4. Respondent Sherrilynn Frierson [hereinafter “Frierson”] is the Resident Agent for Lion Share Capital and CEO/Director of Finance for Lion Share Capital Partners with a residential address of [REDACTED].

5. Respondent Mark K. Nordyke [hereinafter “Nordyke”] is Director of Business Development for Lion Share Capital Partners with a residential address of [REDACTED].

6. Respondent Gregory A. Buss [hereinafter “Buss”] is the Director of Operations/Compliance for Lion Share Capital Partners with a residential address of [REDACTED].

7. The individual Respondents are the core employees for the corporate Respondents.

A. Kansas Uniform Securities Act

(i) Southern Boys Investment Group II, LLC

8. On or about March 3, 2008, Lion Share Capital Partners sent an “Engagement Agreement” to Southern Boys Investment Group II, LLC, [hereinafter “Southern Boys”], an investment group in Crestview, Florida.

9. Pursuant to the terms of the agreement, Lion Share Capital Partners was to secure funding in the amount of \$3,200,000.00 for Southern Boys. In return, Lion Share Capital Partners was to receive a 25% equity interest in Spring Creek Apartments, LLC.

10. On or about March 7, 2008, pursuant to the Engagement Agreement, Southern Boys paid a “due diligence/good faith fee,” in the amount of \$16,000.00, via wire transfer to a Lion Share Capital Partners bank account in Wichita, Kansas.

11. Between March and December 2008, the individuals who comprise the Southern Boys received separate items of correspondence from Respondents Williams, Frierson, Nordyke and Buss with regard to the implementation of the Engagement Agreement and reasons for the failure of the funding to materialize.

12. Respondents failed to disclose that the fee provided by Southern Boys would be used for personal expenses and general operating expenses.

13. Respondents failed to disclose that, contrary to the terms of the Engagement Agreement, fees paid were not “fully refundable” if the third-party funding was not obtained.

14. Respondents failed to disclose that they had not funded any projects for the clients with whom they had contracted.

15. Respondent Williams, described in marketing materials as the “proverbial ‘quarterback’” of Lion Share Capital Partners, failed to disclose his prior criminal conviction for fraud.

16. As of this date, the agreed upon funding has not been provided to Southern Boys nor have they received the requested refund of their due diligence/good faith fee.

(ii) Flagship Franchises of Minnesota, Inc.

17. On or about January 23, 2009, Lion Share Capital Partners entered into an “Engagement Agreement” with Flagship Franchises of Minnesota, Inc., [hereinafter “Flagship”], located in Minneapolis, Minnesota.

18. Pursuant to the terms of the agreement, Lion Share Capital Partners was to secure funding in the amount of \$3,000,000.00 for Flagship. In return, Lion Share Capital Partners was to receive an equity interest of no “less than 15% and not greater than 25%” in Flagship.

19. On or about February 2, 2009, pursuant to the Engagement Agreement, Flagship paid a “due diligence/good faith fee,” in the amount of \$7,500.00, via wire transfer to a Lion Share Capital Partners bank account in Wichita, Kansas.

20. Between February and July 2009, the CEO and counsel for Flagship received separate items of correspondence from Respondents Williams, Frierson, Nordyke and Buss with regard to the implementation of the Engagement Agreement and reasons for the failure of the funding to materialize.

21. Respondents failed to disclose that the fee provided by Flagship would be used for personal expenses and general operating expenses.

22. Respondents failed to disclose that, contrary to the terms of the Engagement Agreement, fees paid were not “fully refundable” if the third-party funding was not obtained.

23. Respondents failed to disclose that they had not funded any projects for the clients with whom they had contracted.

24. Respondent Williams, described in marketing materials as the “proverbial ‘quarterback’” of Lion Share Capital Partners, failed to disclose his prior criminal conviction for fraud.

25. As of this date, the agreed upon funding has not been provided to Flagship nor have they received the requested refund of their due diligence/good faith fee.

B. Kansas Loan Brokers Act

26. Respondents’ marketing materials promote their ability, for a “due diligence/good faith fee,” to obtain funding for individuals through third-party sources, referred to as “deal flow.”

27. Respondents have had contact with more than twenty (20) companies, in Kansas and throughout the United States, including those listed in Section A above, in 2008 and 2009.

28. Respondents have signed “Engagement Agreements” with these companies and required “due diligence/good faith fees” in an amount exceeding \$550,000.00. These amounts were wired into a Lion Share Capital Partners bank account in Wichita, Kansas.

29. There is no evidence that Respondents have secured any funding for the companies referenced in paragraph 27 above. Nor have Respondents refunded the fees previously collected when requested as specified in the Engagement Agreements.

30. Bank account records indicate that monies received from the companies referenced above were used by Respondents for personal expenses and company operating expenses.

31. There is no evidence that the fees obtained were used in a manner allowed by K.S.A. 50-1016.

Conclusions of Law

A. Kansas Uniform Securities Act

32. The investments, to-wit: equity interests in Spring Creek Apartments, LLC, and Flagship Franchises of Minnesota, Inc., which Respondents were offering to purchase are securities as defined by K.S.A. 17-12a102(28).

33. In connection with the offer, sale or purchase of a security, Respondents made misrepresentations of the following material facts, in violation of K.S.A. 17-12a501(2):

- a. that the due diligence/good faith fee was fully refundable when, in fact, it was not;
- b. that the fee would be used for conducting due diligence and to procure funding when, in fact, it was used by Respondents for personal expenses and operating costs; and
- c. that Respondents had previously funded similar projects successfully when, in fact, they had not.

34. In connection with the offer, sale or purchase of a security, Respondents omitted the following material facts, in violation of K.S.A. 17-12a501(2):

- a. that Respondent Williams had been previously convicted of fraud and served time in a federal penitentiary; and
- b. that Respondents had never successfully funded any projects.

B. Kansas Loan Brokers Act

35. Respondents are engaged in activities as a loan broker, as defined by K.S.A. 50-1001(c).

36. Respondents failed to register with the Office of the Kansas Securities Commissioner as required by K.S.A. 50-1002.

37. Respondents failed to provide the written disclosure materials as required by K.S.A. 50-1006(a) and K.S.A. 50-1006(b).

38. In connection with an offer of or a contract for the services of a loan broker, Respondents made the following untrue statements of material fact, in violation of K.S.A. 50-1017(2):

- a. that the due diligence/good faith fee was fully refundable when, in fact, it was not;
- b. that the fee would be used for conducting due diligence and to assist in locating a loan for the companies with whom they had contracted when, in fact, it was used by Respondents for personal expenses and operating costs; and
- c. that Respondents had previously funded similar projects successfully when, in fact, they had not.

39. In connection with an offer of or a contract for the services of a loan broker, Respondents omitted the following material facts, in violation of K.S.A. 50-1017(2):

- a. that Respondent Williams had been previously convicted of fraud and served time in a federal penitentiary; and
- b. that Respondents had never successfully obtained a loan for any of the companies with whom they had contracted.

40. Adequate grounds exist under K.S.A. 17-12a604 and K.S.A. 50-1009, to invoke administrative sanctions against Respondents and such an order is in the public interest.

Cease and Desist Order

IT IS, THEREFORE, ORDERED by the Commissioner that the Respondents and their officers, agents, servants, employees, and any person in concert or participation with them who receives actual notice of this Order, shall immediately CEASE AND DESIST in the State of Kansas from soliciting offers to purchase or making offers to sell, or effecting or transacting sales of securities, or the securities of any other person or issuer, or directly or indirectly aiding and assisting in the same or attempting to do the same, unless and until the Respondents refrain from all acts and practices which constitute violations or are about to constitute violations of the Kansas Uniform Securities Act.

IT IS FURTHER ORDERED by the Commissioner that Respondents and their officers, agents, servants, employees, and any person in concert or participation with them who receives actual notice of this Order, shall immediately CEASE AND DESIST

in the State of Kansas from engaging in activities as a loan broker, or directly or indirectly aiding and assisting in the same or attempting to do the same, unless and until the Respondents refrain from all acts and practices which constitute violations or are about to constitute violations of the Kansas Loan Brokers Act.

Opportunity for Hearing

If the Respondents wish to contest the facts alleged above, the Respondents must file a request for hearing within thirty (30) days after service of this Order. The request for hearing must be in the manner and form prescribed by K.A.R. 81-11-5, and it must be filed with the Office of the Securities Commissioner, 618 S. Kansas Ave., Topeka, Kansas, 66603-3804. The request for hearing must be verified under oath by the Respondents and, if the Respondents dispute any of the allegations of fact or law set forth above, the Respondents shall specifically deny the allegations or they will be deemed admitted. In addition, the Respondents may offer evidence and argument to mitigate the alleged facts. If the allegations are properly disputed, a hearing officer will be appointed and the matter will be set for hearing. If no request for hearing is filed within thirty-three (33) days after the date of mailing shown on the Certificate of Service for this Order, the Commissioner will issue a final Order without further proceedings.

The Office of the Securities Commissioner shall be represented in this matter by Gail E. Bright, Associate General Counsel, 618 S. Kansas Ave., Topeka, Kansas, 66603, (785) 296-5215.

IT IS SO ORDERED BY THE COMMISSIONER this 11th day of December,
2009.

/s/ Chris Biggs
CHRIS BIGGS
Securities Commissioner

NOTICE:

(1) Pursuant to K.S.A. 17-12a508(a), any intentional violation of an order issued under the Kansas Uniform Securities Act is a felony criminal offense.

(2) This decision may constitute final agency action that is subject to judicial review. The agency officer to receive service of a petition for judicial review on behalf of the Office of the Kansas Securities Commissioner is Chris Biggs, Securities Commissioner, at 618 South Kansas Avenue, Topeka, Kansas, 66603.